

SENATE BILL No. 510

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-20.

Synopsis: Child care tax credit for individuals. Provides a refundable child care tax credit against an individual taxpayer's state income tax liability for employment related child care expenses. The credit is equal to the lesser of \$125 per child or 3% of the taxpayer's employment related child care expenses.

Effective: January 1, 2000.

Mrvan

January 19, 1999, read first time and referred to Committee on Finance.



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Introduced

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

SENATE BILL No. 510

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2000]:

4 **Chapter 20. Child Care Tax Credits for Individuals**

5 **Sec. 1. As used in this chapter, "adjusted gross income" has the**
6 **meaning set forth in IC 6-3-1-3.5.**

7 **Sec. 2. (a) As used in this chapter, "employment related child**
8 **care expenses" means amounts that are:**

9 (1) paid for the care of a qualifying child; and

10 (2) incurred to enable an individual taxpayer, including an
11 individual taxpayer's spouse in the case of a joint return, to be
12 gainfully employed.

13 (b) The term does not include an amount paid for services
14 outside the taxpayer's household at a camp where a qualifying
15 child stays overnight.

16 (c) The term does not include amounts paid for services outside
17 the taxpayer's household that are not provided in conformity with

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applicable state and local laws.

Sec. 3. As used in this chapter, "qualifying child" means an individual who is less than eighteen (18) years of age and for whom the taxpayer is entitled to a deduction for federal income tax purposes under Section 151(c) of the Internal Revenue Code.

Sec. 4. As used in this chapter, "state income tax liability" means the total income tax liability incurred under IC 6-3, as computed after application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 5. An individual taxpayer, including an individual taxpayer's spouse in the case of a joint return, who has employment related child care expenses during the taxable year is entitled to a credit against the taxpayer's state income tax liability for the taxable year.

Sec. 6. The amount of a credit allowed under section 5 of this chapter for a taxable year is equal to the lesser of:

- (1) three percent (3%) of the amount of employment related child care expenses paid during the taxable year; or
- (2) one hundred twenty-five dollars (\$125) per qualifying child.

Sec. 7. If both spouses reside in the same household, the total amount of the credit computed under section 6 of this chapter may be claimed only once.

Sec. 8. (a) If the credit provided under this chapter exceeds the state income tax liability due from the taxpayer for the taxable year, the excess may be:

- (1) used as a credit against the taxpayer's tax liability in subsequent taxable years; or
- (2) refunded.

The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year.

(b) A taxpayer is not entitled to a carryback of an unused credit.

(c) A taxpayer is entitled to the credit under this chapter in addition to any other credits to which the taxpayer is entitled.

Sec. 9. (a) The department may adopt rules under IC 4-22-2 to implement this chapter.

(b) The department may require that a taxpayer apply for a credit or a refund under this chapter on a form designated by the department.

SECTION 2. [EFFECTIVE JANUARY 1, 2000] IC 6-3.1-20, as added by this act, applies only to taxable years that begin after



1 **December 31, 1999.**

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